



JOHN S. SMITH  
MAYOR

SALLY GILBERT  
CITY CLERK/TREASURER

DOUG MAYS  
PUBLIC WORKS DIRECTOR

## CITY OF BEATTYVILLE

P.O. BOX 307 • 28 RAILROAD ST., SUITE A  
BEATTYVILLE, KENTUCKY 41311  
TEL. (606) 464-5007 • FAX (606) 464-2123

COUNCIL MEMBERS  
JON ALLEN  
SAMUEL COCKERHAM  
MITCH CORNELIUS  
CHARLOTTE HOGAN  
TERESA MAYS  
TYLER PHILLIPS

### Narrative Information Sheet

1. **Applicant Identification**

City of Beattyville  
PO Box 307  
Beattyville, KY 41311

2. **Funding Requested**

- a) Grant Type: Single Site Cleanup
- b) Federal Funds Requested
  - i. \$200,000.00
  - i.i. (requesting a 10% cost share waiver)
- c) Contamination: Hazardous Substances

3. **Location**

337 Main Street  
Beattyville, Lee County, Kentucky

4. **Property Information**

former WPA/City Hall Building  
337 Main Street  
Beattyville, KY 41311  
owner: City of Beattyville

5. **Contacts**

a. **Project Director**

Teresa Mays  
Phone 606-464-5007  
[tmays@beattyville.org](mailto:tmays@beattyville.org)

b. **Chief Executive/Highest Ranking Elected Official**

Mayor:  
Edward Scott Jackson  
Phone: 606-464-5007  
[sjackson@beattyville.org](mailto:sjackson@beattyville.org)



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### 6. Population

- a) City of Beattyville population 1,206
- b) Lee County population 6,580

7. **Other Factors Checklist** Please identify which of the below items apply to your community/proposed project. If none of the Other Factors are applicable to your community/proposed project, please provide a statement to that effect.

Other Factors	Page #
Community population is 10,000 or less.	2
The applicant is, or will assist, a federally recognized Indian tribe or United States territory.	
The proposed brownfield site(s) is impacted by mine-scarred land.	
Secured firm leveraging commitment ties directly to the project and will facilitate completion of the project/redevelopment; secured resource is identified in the Narrative and substantiated in the attached documentation.	4
The proposed site(s) is adjacent to a body of water (i.e., the border of the site(s) is contiguous or partially contiguous to the body of water, or would be contiguous or partially contiguous with a body of water but for a street, road, or other public thoroughfare separating them).	6
The proposed site(s) is in a federally designated flood plain.	
The redevelopment of the proposed cleanup site(s) will facilitate renewable energy from wind, solar, or geothermal energy; or any energy efficiency improvement projects.	

8. **Letter from the State or Tribal Environmental Authority**, attached letter from Kentucky Department of Environmental Protection Agency

#### Grant Attachments:

2018 City of Beattyville Audit  
Private developers proposal for reuse of WPA building  
Letter from the State EPA  
Hardship Waiver



## ENERGY AND ENVIRONMENT CABINET

**Matthew G. Bevin**  
Governor

DEPARTMENT FOR ENVIRONMENTAL PROTECTION  
DIVISION OF COMPLIANCE ASSISTANCE  
300 SOWER BOULEVARD  
FRANKFORT, KENTUCKY 40601  
[www.dep.ky.gov](http://www.dep.ky.gov)

**Charles G. Snively**  
Secretary

January 7, 2019

Mayor Edward Scott Jackson  
PO Box 307  
Beattyville, KY 41311

Re: Letter of Support for Brownfield Grant Application from the City of Beattyville

Dear Mayor Jackson:

The Kentucky Department for Environmental Protection (DEP) is supportive of, and committed to, the work of the City of Beattyville to identify and address brownfield sites in the community. DEP is the state agency charged by the legislature with the responsibility of implementing the Kentucky equivalent of the federal Superfund program, and as such, is an essential component of any attempt to systematically address brownfields redevelopment. We support Beattyville's application for a Brownfield Cleanup Grant for the former City Hall and look forward to continuing our work with the city on this important issue.

Sincerely,

Herbert Petitjean  
Brownfield Coordinator

HCP:hp

cc: Teresa Mays (Main Street Director)  
Amanda LeFevre (Division of Compliance Assistance)  
Christoph Uhlenbruch (Division of Waste Management)  
Alex Sandlin (Division of Waste Management, Hazard Regional Office)

## **1. PROJECT AREA DESCRIPTION AND PLANS FOR REVITALIZATION**

### **a. Target Area and Brownfields**

#### **i. Background and Description of Target Area**

The City of Beattyville, KY has faced many challenges over the last few years having lost jobs and industry. But as a result of that, our community has come together to refocus on our strengths and look at new and inventive ways to grow our community through technology, tourism and small business. Our community has been labeled, by some National Media Outlets, as one of the poorest towns in America, but we are rich in many ways; rich in community, rich in history, and rich in natural beauty. Beattyville's unique location, in scenic Eastern Kentucky, at the confluence of the Kentucky River, near high sandstone cliff lines that attract tourists and World Class rock climbers, offers opportunity without measure. Boasting a small town atmosphere with rich cultural and historic roots, we are known as the birthplace of the Kentucky River. With recreation and the natural landscape of our community representing strong community assets, tourism readily arises as a suitable economic development approach. Locally-owned small businesses could attract a tremendous number of visitors to Beattyville. Therefore, community leaders envision great benefits from encouraging entrepreneurship in the private sector, especially in the area of tourism. With advancing technology and a global market made possible by the internet, businesses related to recreation and tourism could also lay the foundation for economic growth. Rock climbers need camping supplies, lodging, and equipment. People using outdoor recreation trails for riding ATVs, mountain biking, horseback riding, or hiking would also need supplies, equipment, food, and lodging. Boating and restaurant businesses have great opportunity as the Kentucky River is developed for boating and fishing. Beattyville needs venues for starting small businesses such as these. Having an incubator for entrepreneurs to test the sustainability of their company would help to initiate growth in small business development.

Beattyville/Lee County has seen a 12-15% average increase in visitors annually. This number is based on transient room tax graphs the Beattyville/Lee County Tourism Commission tracks. In 2019, gross lodging sales in Lee County reached \$2 million. This is due to the increase in annual visits to the Red River Gorge Geological Area and the Natural Bridge State Resort Park that are estimated to receive around 500,000 visitors annually. According to a fall 2016 study by Eastern Kentucky University, the climbing community is made up of around 7,500 climbers who have a \$3.6 million economic impact on the area. This translates to 40,000 unique visits annually to the recreational areas. The sport is growing exponentially and the rock climbing community looks for unique experiences such as local restaurants, shopping areas, and diversified outdoor recreation such as mountain biking and kayaking.

The area to be addressed by the brownfield cleanup grant is on our Main Street, downtown Beattyville. Our Main Street is made up mostly of locally-owned small businesses, some of them being there for more than 50 years. A recent inventory of our Main Street buildings showed we currently have 17 empty buildings in our Main Street district, 10 of which are assessed by the Lee County Property Valuation Administrator as "poor" condition. The brownfield site is a large stone building built in 1939 by the Works Progress Administration (WPA). The WPA was an ambitious employment and infrastructure program President Roosevelt created in 1935, during the bleakest years of the Great Depression.

We have a firm commitment by developers Diego and Dana Vogel of Lexington, KY for this building. With the intention of establishing a multi-faceted recreation and hospitality business, marketed primarily as an inn and hostel targeting Red River Gorge visitors, especially the rock climbing community. The building could also house businesses to include equipment rental (kayaks, canoes, bikes, etc.), a community event space, and a gallery for local art and history. . Developing this WPA building would provide space for several small businesses to get started without having the burden of large upfront capital investments.

The blight from this building has a negative economic impact, it hides the scenic landscape and detracts from tourism growth. Concern over contamination discourages redevelopment of this and the empty commercial space next to it. Remediating hazardous material from this site will remove this threat from the environment and impediment to redevelopment. Site cleanup will lead to redevelopment and create a new tourist related business and create new jobs. The clean up will contribute to a healthier community.



The Lee County, Kentucky population was 6,580 in 2016. The region's population declined at an annual average rate of 1.7% between 2006 and 2016. The region has a civilian labor force of 1,930 with a participation rate of 33%. Of individuals aged 25 to 64 in Lee County, Kentucky, 8.1% have a bachelor's degree or higher, which compares with 28.2% in the nation. The median household income in Lee County, Kentucky is \$22,698, and the median house value is \$67,700. The seasonally-adjusted unemployment rate for Lee County, Kentucky was 9.7% as of July 2017. The regional unemployment rate was higher than the national rate of 4.4%. One year earlier, in July 2016, the unemployment rate in Lee County, Kentucky was 9.6%. The average worker in Lee County, Kentucky earned annual wages of \$33,681 as of 2017Q2. Average annual wages per worker increased 6.7% in the region during the preceding four quarters. For comparison purposes, annual average wages were \$54,335 in the nation as of 2017Q2.

Our community lacks the resources needed to address the issues with this blighted building. Renovating and leasing this building to a tourist based business would produce revenue, create jobs and eliminate blight from the property. Assistance provided through this program can provide much needed resources to bring this property back in to productive reuse.

ii. Description of the Brownfield Site(s)

The City of Beattyville is requesting funding assistance from EPA Brownfield Cleanup Grants to remediate the former City Hall Building located at 337 Main Street, Beattyville, Kentucky. The property sits on approximately one acre located on Main Street Beattyville. The property includes a two story stone building with several partitions in the building. The city has owned the building since it was constructed in 1939.

Numerous brownfield sites surround the property, including an abandoned gasoline station directly next to the site that still has all the underground storage tanks. Like the subject property, it is directly adjacent to Silver Creek. Four very large abandoned warehouses and three additional abandoned gasoline filling stations are located within a half-mile perimeter of the subject site. The warehouses contained chemicals and small-scale manufacturing that are likely contaminated with metals, volatile organic compounds, and semi-volatile organic compounds. Two of the abandoned gasoline stations appear to have had the underground storage tanks removed, and two others, including the one adjoining Silver Creek, have not. Leaking underground storage tanks can contaminate very large areas, including groundwater and the creek that flows through residential areas. The subject site lies within the central downtown corridor, which has six other abandoned or underutilized buildings. It would be fair conclusion that these brownfields likely contain lead-based paint, asbestos, and mold contaminants.

After evaluating brownfields within the target area we determined the subject site would be a key project for the community. It is located in the central business district and close to residential areas that could be impacted from contaminants, especially into Silver Creek. The target building directly adjoins Silver Creek. As the cleanup unfolds, the KRADD (Kentucky River Area Development District) has indicated that current brownfields assessment grant funds will be committed to assess Silver Creek due to potential impacts within the Central Business District. Previous results of extensive environmental assessment work in support of the property redevelopment showed the subject site is contaminated with asbestos, lead-based paint, and extensive mold. The property poses a potential health and safety risk, not only because of the interior condition, but also because it is accessible due to vandalism, making it an attractive nuisance to children/teenagers in the neighborhood who have been seen playing around the property, and could also be attractive for vagrants. With the assistance of USEPA funds we are very committed to the restoration of the former City Hall/Jail. We are especially excited that we already have a committed developer for the entire building,

**b. Revitalization of the Target Area**

i. Redevelopment Strategy and Alignment with Revitalization Plans

The subject property has remained a vacant and unoccupied Brownfields site since 2014, and the blighted building is a hazard and eyesore for our Main Street and community. However, the building is structurally sound, does not have leaking roof, is owned by the city, and already has a viable tenant as soon as we get it abated. Its redevelopment will continue the trend to revitalize our historic downtown business district. If funded

the City of Beattyville will initiate cleanup/remediation in accordance with our analysis of brownfield cleanup alternatives to eliminate asbestos-containing materials and mold, and remove or encapsulate lead-based paint. The site would be suitable for redevelopment, after remediation.

This WPA building is located in downtown Beattyville next to City Hall and our Post Office. It is right on our Main Street sidewalks newly built in 2018, where a number of pedestrians walk every day. The property is not fenced in to discourage trespassers from exploring the dilapidated structure. There is evidence that some of our homeless population has slept in a small space beside this building. There are signs of forced entry around the building and vandalism including broken windows. There has been some evidence of drug and alcohol use by vandals. The Police must regularly patrol this brownfields property.

We have a firm commitment and proposal from a private investor for repurposing the building from private investors. It will transform that building into a three-story incubator for new small businesses. The first floor will allow for an “outfitter rental for kayaks and canoe rentals, a showcase room for artisans and crafters. The second floor will be overnight bed and breakfast accommodations. The third floor will be a roof top café and lounge. The City of Beattyville will work with and support development of these businesses.

Cleanup of the property aligns with the City of Beattyville’s Street Scape project and downtown Revitalization plans. It provides for equitable development as it is a center piece property that if remediated will stimulate adjoining property revitalization with hopes of outward expansion. From an environmental justice perspective, a revamping of the city-core will positively impact our poor, elderly, and minority population, by providing jobs, a cleaner community, and greater tax base for public welfare.

The City of Beattyville began a revitalization and beautification project of downtown Beattyville in 2008. The “Beattyville Streetscape Project” is a designed plan that implements improved pedestrian facilities, provides landscaping and beautification, and preserves the historic content of our Main Street. The entire streetscape project focuses on pedestrian components and creating clear pedestrian movement patterns within the downtown district. The new sidewalks meet all ADA accessibility requirements. The project also replaced the overhead utility system with underground cable and relocated utility poles. The City of Beattyville was awarded funding and seen the final Phase III of the Street Scape project completed in Spring of 2018. The City has now invested more than \$2.5 million in grant and city funds. These projects were made possible by Kentucky Transportation Alternatives Program, TAP and the City of Beattyville in-kind and monetary investments. The City of Beattyville has also recently re-established The Downtown Beattyville Alliance and has become a part of the Kentucky Main Street Program. The Downtown Beattyville Alliance is a non-profit organization comprised of downtown business and property owners and concerned citizens who have teamed together to improve all aspects of our downtown area. We want to attract tourists and new businesses as well as support existing businesses as our primary goals. The Alliance realizes the importance of the stories and the history in our buildings, some dating back to 1870. There are many reasons for revitalizing a downtown, but once the process has begun communities note positive changes such as: Renewed confidence in the downtown through an improved image. New job opportunities through the attraction of new businesses and strengthened service/retail markets and savings in tax dollars. Revitalization stabilizes and improves the area's tax base, while protecting the investments already made in the downtown.

The mitigation of this blighted vacant building in Beattyville follows the revitalization plans of both Beattyville and the Kentucky Main Street Program. It will contribute to a healthier city and Main Street overall.

## ii. Outcomes and Benefits of Redevelopment Strategy

The Middle Fork of the Kentucky River joins the North Fork just three miles to the east of Beattyville. The North and South Forks of the Kentucky River then joins at Beattyville to form the Kentucky River. These waterways played an early part in establishing Beattyville and were once a supporting economic resource for the community. Today, Beattyville suffers from a lack of employment opportunities. Residents find employment and consumption opportunities far outside the City and oftentimes outside Lee County. The City is refocusing its efforts on creating jobs through small business and tourism opportunities. It is expected that benefits to the City and its community will increase when the WPA Building site is cleaned up and becomes a

productive property offering jobs and a new venue for potentially several new small businesses. The potential for job creation is estimated at a minimum of 2 to 4 permanent jobs, but during development/construction there will be seasonal job opportunities as well. That number may seem small compared to other redevelopment projects in large cities that are major employment centers, but to the residents of the neighborhood in the City of Beattyville, that can represent a big change in the incomes of many families. Increased employment equals increases in spending. It also creates a place where tourists can spend and bring money into our community. More income (disposable income) is available to spend in retail stores and restaurants in the community. Improvements in the economy lead to neighborhood stability – a need to be met in our underserved neighborhoods.

Remediating hazardous material from the building will remove potential environmental threats. As stated, site cleanup will lead to redevelopment and probable employment opportunities for local neighborhood residents that are predominantly low income and an increased tax base. Potentially, this would allow those residents to walk to work instead of having to drive, which reduces vehicle emissions that contribute to unhealthy air. These benefits contribute to a healthier environment and comply with the local revitalization plan.

Outcomes:

1. Create new full/part time jobs at redeveloped site
2. Increase local tax base
3. Increase use of existing infrastructure
4. Reuse redeveloped property
5. Identify and reduce risks to human health and the environment
6. Clean up hazardous substances at brownfields site by removing lead paint, mold and asbestos

This building has been vacant since 2014 and has continued to deteriorate at a drastic rate. It is a constant eye sore to residents and visitors. This redevelopment will create significant welfare and economic benefits besides the obvious removal of blight. Health and safety risks are present from the deteriorating condition of hazardous substances in this building. However this structure is unique in that it was built by the WPA in 1939. It represents our county's history as it was our former City Hall, Fire Dept and Jail and so contributes to the cultural history of our community. The City does not want to demolish it. If the City allows the building to remain vacant and continue to deteriorate then we are at risk of trespassers becoming injured or the building being set on fire, creating serious health risks to nearby residents especially knowing the amount of asbestos that is contained within the structure. We've already had several devastating fires happen to other historic buildings on our Main Street, one fire being in April 2018.

**c. Strategy for Leveraging Resources**

i. Resources Needed for Site Reuse

Based on the analysis of brownfields cleanup alternatives, we will have sufficient funds to fully abate the contamination in the subject building. The City of Beattyville works diligently to leverage local dollars for a variety of state and federal funding sources. The environmental issues are the only issue keeping this building from being put to beneficial use. Leverage funds will include a private developer who is going to immediately lease the property for a discounted rate of \$100 per month for one year. Based on performance and sustainability, the rate would rise accordingly. Documentation that substantiates the developer's commitment is attached.

The City of Beattyville operates on an annual budget of \$3,443,090.00 made up of revenues from: water, sewer, and garbage services and general fund tax revenue. The City of Beattyville is responsible for implementing numerous grants, both federal and state, for neighborhood improvement projects. It employs 36 individuals.

ii Use of Existing Infrastructure

The existing infrastructure and crucial operational systems in place is sufficient for redevelopment with water, sewer, and electricity, HVAC, etc. in place at this site. The City is committed to providing these resources and will also offer a discounted utilities package to the new business that occupies this building. The discounted



utilities package will also include discounted rent on the building that will carry on to the 2<sup>nd</sup> & 3<sup>rd</sup> of occupancy by the developers to ensure sustainability.

## **2. COMMUNITY NEED AND COMMUNITY ENGAGEMENT**

### **a. Community Need**

#### **i. The Community's Need for Funding**

The Appalachian Regional Commission uses an index-based county economic classification system to identify and monitor the economic status of Appalachian counties. ARC has designated Beattyville/Lee County as “economically distressed” area.

Our community has suffered a loss of more than 300 jobs over the last 5 years. We saw the closing of Lion Apparel factory, and a data entry employer. The closing of each of these has impacted the City of Beattyville’s budget by losing both tax revenue and water/sewer service revenue. The approximate loss to the City’s budget was \$207,431.60. Because we are such a small community, we are extremely limited in our ability to obtain funding to carry out environmental remediation and subsequent redevelopment.

The private developer is eager to go forward once hazardous substances have been removed. The City of Beattyville cannot afford to cover the total costs of cleaning up the WPA former City Hall Brownfield site to satisfy and assure a successful redevelopment. The City is willing to invest funding into the cleanup, and is therefore looking to the EPA and other resources to complete the cleanup. The City will seek to engage partners for redevelopment activities at the site including other non-profit organizations and potential public and private investors in addition to brownfields cleanup grant funds.

Historically the people of the target area earned their living by farming, logging, coal mining and working in the oil fields. Over the last few decades, as governmental regulations increased coal mining and tobacco production decreased, and were replaced primarily with manufacturing jobs. Our area has suffered from manufacturing plant closures, two in the last five years. The recent closures of two factories in Lee County resulted in hundreds of job losses. When large employers leave these small communities, the negative impact leads to the closure of other businesses, increasing unemployment and creating more vacant commercial properties. The residents lack of education and training has left them unprepared for our changing economy. More than 1/3 of our residents live in poverty and unemployment rates remain significantly higher in the target area than the rest of the state.

The per capita and median incomes are approximately \$13,783.00 much lower than the state and national averages. About 48.5% of our community relies on Medicaid welfare and unemployment insurance as the second largest source of personal income.

#### **ii. Threats to Sensitive Populations**

##### **(1) Health or Welfare of Sensitive Populations**

The presence of brownfields, especially the warehouses and manufacturing buildings, has led to blight and contaminant issues from these legacy structures. Abandoned gasoline stations pose a significant threat to our downtown creek.

As coal-related businesses close the cumulative legacy environmental effects continue to rise in our community. This includes contaminants from manufacturing and warehouses that serviced the coal industry to general stores, offices, and residential areas. Demographically, the people that stayed are primarily the elderly, poor, or minorities. This has created an environmental justice problem where the legacy environmental contaminants impact sensitive populations, sensitive populations who can least afford medical care. These issues have impacted the City of Beattyville to a very high level and are tied back to brownfields. Known contaminants in the WPA building (asbestos, lead, mold) disproportionately impact sensitive populations that reside within the target area. Children play near the building and in silver creek, and could be exposed to these contaminants. Homeless individuals often sleep and eat near the building. Clean up will remove these potential threats to the health and welfare of anyone who could come in contact with them.

##### **(2) Greater than Normal Incidence of Disease and Adverse Health Conditions**



The subject site of this grant application is within our central downtown core and is but one of many brownfields left over from the legacy coal industry. Public health impacts from these cumulative brownfields includes diseases and health impacts from asbestos-containing materials, mold, lead-based paints, metals, volatile organic compounds, and semi-volatile organic compounds. Abandoned gasoline stations have the potential to impact our historic Silver Creek through the release of fuels, which contain known carcinogens. As our older buildings and structures deteriorates, asbestos fibers and lead are released into the air, soil, and ground surface. Our sensitive populations such as the elderly, the poor, women of child-bearing age, and the mentally ill are especially impacted from the effects of brownfields contaminants in our community. Asbestos exposure increases the risk of mesothelioma and other lung cancers. Kentucky leads the nation in incidences of lung cancer and other cancers. Lee County is above Kentucky average in both all cancer and lung cancer deaths.

Cancer deaths (age adjusted rate per 100,000 population)

	Lee County	Kentucky
All Cancers	272	200
Lung & Bronchus	88	69

Data Source: Kentucky Cancer Registry

Cleanup and redevelopment of the WPA building, which already has a committed reuse, will stimulate additional redevelopment in the target area and reduce adverse health conditions associated with contaminated properties. Economically Impoverished / Disproportionately Impacted Populations.

### (3) Economically Impoverished/Disproportionately Impacted Populations

The City of Beattyville is located in the eastern part of the state. We are part of the Appalachian Regional Commission counties of Eastern Kentucky, a beautiful place to live, but an area plagued by a poverty rate much higher than the national average and an education level much lower than the national average. Our community has an income level significantly below the state and national averages, and while higher poverty and lower education levels do not necessarily cause adverse health conditions, typically, low-income residents typically have more limited access to preventive, pre-natal, and basic medical services. We compared poverty rates with the state and region; in 2017 the United States had a 13.4% percentage of people in poverty, 17.1% in Kentucky and Lee County had a 33.7 % poverty rate.

The Brownfields located near populated public areas negatively impact sensitive populations by potentially exposing them to numerous contaminants via direct contact, airborne particulates inhalation, and vapor intrusion pathways. In reviewing health data for Lee County it is apparent that various cancers and respiratory disease occur at a significantly higher rate than the rest of Kentucky. Cleaning up this unhealthy space will provide a cleaner community for our residents and help fight this alarming trend.

## b. Community Engagement

### i. Community Involvement

Partner Name	Point of contact (name, email & phone	Specific role in the project
Downtown Beattyville Alliance	Linda Smith 606-464-2888	Hold monthly community meetings regarding cleanup process and revitalization strategies for the target area
Beattyville Housing and Development	Wilma Kelly 606-464-5031	Facilitate development of hostel on WPA building second floor
Beattyville Lee County Tourism	Dedra Brandenburg 606-464-5038	Finalize the lease agreement with tourist-related future tenant

Lee County Health Center	606-464-2492 Vivian Smith	Develop water activities for the children with emotional, physical, mental, and educational needs in the target area.
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## ii. Incorporating Community Input

The City of Beattyville makes every effort to engage local citizens in plans for projects in their neighborhoods in order to make full use of citizens' ideas and opinions when considering investment of public funds that may be available for redevelopment activities. For this project, the City of Beattyville published a Notice of Intent to Apply for the Brownfield Cleanup Funds in the local newspaper, the Three Forks Tradition for review and comment on January 9<sup>th</sup>, 2019. As of January 23, 2019 there were no comments submitted; however, several people, including staff of the City of Beattyville, and other non-profit partners and local developers, have provided positive conversation on the project. A public meeting was held on January 14<sup>th</sup>, 2019. For the redevelopment, the City of Beattyville will do a similar notice with a public meeting, postings, and website access for public input.

If the City of Beattyville's grant application for cleanup funding is successful, the City will involve the public, and in particular tourist related business developers while finalizing the appropriate cleanup activities as well as finalizing reuse of the site. Naturally, the area's residents may have questions related to cleanup activities; everyone wants to live in a safe, healthy community. The City of Beattyville and the managing contractor procured for the remediation activities will explain the measures that will be taken to provide health and safety protection to the neighborhood during cleanup activities and every precaution will be taken to reduce exposure potential. The City of Beattyville will utilize public meetings and postings on our website as avenues to assure public engagement.

## 3. TASK DESCRIPTIONS, COST ESTIMATES, AND MEASURING PROGRESS

### a. Proposed Cleanup Plan

The purpose of cleaning up the former City Hall Building is to reduce brownfield-related contamination to our community and encourage beneficial re-use of a property that is centrally located in our downtown business district. Through funds from KRADDs Brownfield Assessment Grant, a Phase I, II and the ABCA was completed. Since there are multiple contaminants (asbestos, lead-based paint and mold) the ABCA considered multiple cleanup options. The ABCA outlines five alternative methods for addressing environmental concerns at the site:

- 1) No Action
- 2) Removal/Abatement (asbestos-containing materials and flaking, loose and flaked lead-based paint)
- 3) Stabilization/Encapsulation of remainder of lead-based paint with operating and maintenance plan
- 4) Cleaning/Vacuuming of mold
- 5) Discarding of Affected Materials impacted with mold

With "No Action" being ineffective for controlling or preventing exposure of receptors to building contaminants, the evaluation of alternatives 2 through 5 was considered. In order to abate all three contaminants it was concluded that Alternatives 2 through 5 are needed to fully remediate the building. The analysis of brownfields cleanup alternatives discusses anticipated costs for each. Completing all four alternatives will safely allow for cost-effective elimination of the contaminants and foster redevelopment. Alternatives are summarized below.

#### *Alternative 2: Removal/Abatement*

Removal will be accomplished by hand methods, by scraping, by abrasive blasting methods, e.g., using dry ice or sodium bicarbonate media, sand, air, wet/water, vacuum, or centrifugal. Some of these methods result in decreased volumes of waste streams and savings in labor, time, energy, and abrasive material. Note that complete removal of LBP from all surfaces is not considered practical thus requiring the need for Alternative 3.

#### *Alternative 3: Stabilization/Encapsulation*

This alternative involves applying a coating(s) or lead barrier compound on surfaces to remain after removing flaking and, loose paint. Coating types could include epoxy, acrylic, polyurethane, oil-base, and latex. Important properties to consider when choosing a coating include elongation (i.e., elasticity or rigidity), dry film thickness, drying or curing time, and compatibility with existing surfaces. An encapsulant such as Fiberlock Technologies Inc., LBC or similar product may be utilized.

*Alternative 4: Cleaning/Vacuuming*

Wet vacuuming is recommended if water is present on a surface. All parts of the vacuum will be thoroughly cleaned after use to assure mold and mold spores are removed. A HEPA vacuum can then be used after materials are thoroughly dried. Cleaning is only appropriate for surfaces such as hard porous flooring (e.g., linoleum, ceramic tile), hard non-porous flooring (e.g., plastics, metals), and intact wood surfaces.

*Alternative 5: Discarding of Affected Materials*

For certain materials that cannot be easily cleaned or where the mold cannot be completely removed (e.g., carpet and backing, porous flooring, furniture, wallboard, wood), they may need to be placed in sealed bags or sheeting and discarded as construction waste or other appropriate disposal (e.g., if also asbestos-containing materials, then disposal at a permitted landfill).

**b. Description of Tasks and Activities**

Community Education & Outreach (\$4,000) - This task includes publicity, meetings, and distribution of information to the public as the project progresses. Public/neighborhood meetings will be held at the start, middle and end of the project. Supplies needed for public meetings will include printed handout materials, public notices advertised in the newspaper, etc. City In-kind contributions: (Supplies/Notices, 1 staff member @ \$1,000). Environmental contractor would to prepare visual presentations of progress reports and attend all meetings to discuss project procedures and answer technical questions (\$1,000). The Kentucky River Area Development District will assist in this task by developing a Community Education & Outreach Plan and attend all meetings (\$2,000).

Program Development & Management (\$12,925) – This task includes documenting guiding principles and procedures, establishing priorities for site remedial actions, and EPA-required performance reporting (e.g. contractor selection, quarterly reports, MBE-WBE reports, final closeout report and ACRES database reporting). The Kentucky River Area Development District will perform this task (\$8,000). City in-kind contributions include developing the City contract and facilitating procurement. (\$1,175). This tasks also includes travel costs for attendance at two Brownfields grantee workshops for 2 persons. (Assume 3 days/2 staff, hotel (\$750) plus airfare (\$2,000) (\$3,750 total)

Remedial Planning, Design, Development and Management (\$7,500) –This task includes completing the ABCA, coordinating with state and federal regulatory agencies, prepare plans, specifications and bid documents for selection of the abatement contractor (\$7,500). The City will provide in-kind contributions by meeting with the environmental consultant and our police, fire and maintenance staff to facilitate planning, (\$750)

Cleanup Activities (\$210,000) –This task includes anticipated contractor costs for the removing of asbestos containing materials, flaked lead-based paint, materials containing mold that cannot be cleaned, along with proper disposal of all waste materials and the encapsulation of residual lead-based paint. (\$166,425). This task will also include professional oversight of the selected abatement contractor by our selected environmental consultant. (\$15,000) and air monitoring and asbestos clearance sampling (\$4,000). Cleanup report to the KDEP and USEPA (\$7,500) The City of Beattyville will provide city personnel and services that will include supplies, management staff, police (security), maintenance staff support and use of city-owned equipment (\$17,075).

**c. Cost Estimates and Outputs**

Budget Categories	Project Tasks (\$)				Total
	Community Outreach	Program Development	Remedial Planning	Cleanup Activities	

		and Management	and Design		
<b>Direct Costs</b>	Personnel				
	Fringe Benefits				
	Travel <sup>1</sup>	\$3,750			\$3,750
	Equipment <sup>2</sup>				
	Supplies				
	Contractual	\$3,000	8,000	\$7,500	\$177,750
	Other (include subawards) (specify type)				
Total Direct Costs <sup>3</sup>					
Indirect Costs <sup>3</sup>					
<b>Total Federal Funding</b> (not to exceed \$500,000)		3,000	11,750	7,500	177,750
Cost share* (20% of requested federal funds) <sup>4</sup>		1,000	1,175	750	17,075
<b>Total Budget</b> (Total Direct costs + Indirect Costs + Cost Share)		\$4,000	\$12,925	\$8,250	\$210,000
					\$220,000

<sup>1</sup> Travel to brownfields-related training conferences is an acceptable use of these grant funds.

<sup>2</sup> EPA defines equipment as items that cost \$5,000 or more with a useful life of more than one year. Items costing less than \$5,000 are considered supplies. Generally, equipment is not required for Brownfield Grants.

<sup>3</sup> Administrative costs (direct and/or indirect) cannot exceed 5% of the total EPA-requested funds.

<sup>4</sup> Applicants must include the cost share in the budget even if applying for a cost share waiver (see Section III.B.13 for a list of applicants that may request a cost share waiver). If the applicant is successful and the cost share waiver is approved, it will be removed in pre-award negotiation.

Note \*: The City of Beattyville is requesting a 10% waiver for this grant. However, we are fully committed to a 10% in-kind or cash contribution by providing city personnel and services that will include supplies, management staff, police (security), maintenance staff support, use of city owned equipment and public meeting space. All in-kind contributions will be documented and provided in each quarterly and final report and closeout documents.

#### **d. Measuring Environmental Results**

The Kentucky River Area Development District will prepare quarterly, annual and closeout reports on the project's short-, medium-, and long-term outputs and outcomes and will assist the City of Beattyville with developing a community involvement/engagement plan and developing community partnerships. The district will also assist with invoicing, payment draws, selecting the environmental contractor, and communication with government agencies. The district will ensure deliverables are submitted on time and in compliance with EPA regulations.

The City of Beattyville will utilize existing project implementation strategies in achieving the desired outputs/outcomes of this brownfield cleanup project. By assigning qualified staff to the project, the City of Beattyville and KRADD will establish the project timeline upon funding and will include the required activities and milestones to track the progress of the project to accomplish the cleanup within an appropriate timeframe and to complete the project with all compliance of EPA regulations.

Anticipated outputs include, 1) community engagement plan, 2) three community meetings, 3) development of a final ABCA, 4) state- and federally-approved remediation plan, 5) health and safety plan, 5) bid specifications 6) site remediation, 7) clean up report 8) twelve quarterly reports 9) successful grant closeout report.



Anticipated outcomes that go beyond the grant include 1) a remediated and occupied building 2) a more vibrant downtown core 3) improvement and awareness of our sensitive population 4) improvement on environmental justice issues 5) enhanced environmental stewardship 6) on-going community engagement meetings focused on Brownfields. Restoration of this one building will have set an example for new opportunities for other building owners to follow our lead.

#### **4. PROGRAMMATIC CAPABILITY AND PAST PERFORMANCE**

##### **a. Programmatic Capability**

###### **i. Organizational Structure**

The City of Beattyville has the organizational structure in place to ensure the timely and successful expenditure of funds with the experience of key staff. The City of Beattyville has a full time certified Clerk who manages development projects with staff. Sally Gilbert, who has more than three years' experience, has overseen all technical, administrative, and financial requirements of the most recently awarded grants received by the City. The Clerk works with the management staff for projects implementation, budget oversight, community outreach communications to facilitate drawdown and appropriate expenditure of funding. The City of Beattyville is engaged in every task associated with the projects.

###### **ii. Acquiring Additional Resources**

Within the last two years, the City has managed \$2.8 million dollars in successful grant projects, etc. obtaining new police cruisers, a fire truck, competed streetscape project, new sewer lines and a school safety COPS grant. We have experienced contractors and resources in place that have the ability to successfully complete this project.

##### **b. Past Performance and Accomplishments**

###### **i. ii.Has Not Received an EPA Brownfields Grant but has Received Other Federal or Non-Federal Assistance Agreements**

The City of Beattyville has never received an EPA Brownfields Grant, but has completed many state funded grant programs with no adverse monitoring findings by the funding agency or audit findings. Based upon the City of Beattyville's past performance in completing programs for the desired outcomes, it is anticipated that if funded, the Brownfield Cleanup Grant will be implemented with attention to detail and execution to achieve the remediation of the former City Hall/Jail to the satisfaction of the Kentucky Department for Environmental Protection and USEPA.

###### **(1) Purpose and Accomplishments**

Listed below are the current or recent federally and non-federally funded grants are somewhat similar in size, scope, and relevance to the proposed project:

- USDA Rural Development grants for two new police cruisers \$50,000.00
- USDA Rural Development grant for West Beattyville Sewer Project \$600,000.00
- Kentucky Transportation Grant for Phase III of Beattyville Streetscape Project \$1,413,000.00

###### **(2) Compliance with Grant Requirements**

The City of Beattyville has never received an EPA Brownfields Grant, but is certain that the project can be implemented when funded based on past experience with the successful completion of various state and federal grant programs/projects with no audit or monitoring findings and the assistance from KRADD.

Annual audit of compliance for the City of Beattyville 2018 by Chris Gooch CPA attached.

**Date**

January 7, 2019

**From**

Diego and Dana Vogel  
1026 Marcellus Drive  
Lexington, KY 40505

**To**

City of Beattyville  
28 Railroad Street, Suite A  
Beattyville, KY 41311

This letter is to confirm our intention of starting a recreation and hospitality business in Beattyville utilizing the Historic City Hall building at 337 Main Street. We have seen first hand the City's desire for historic preservation in conjunction with economic development, and we believe that our proposal would further those efforts.

We intend to establish a multi-faceted recreation and hospitality business, marketed primarily as an inn and hostel targeting visitors of the Red River Gorge, especially the rock climbing community. The business would also include an equipment rental business (kayaks, canoes, bikes, etc), a community event space, and a gallery for local art and history. Please see Appendix A for further details.

As the county seat, the City of Beattyville has an important regional role in preserving history and promoting the arts. We are excited by the prospect of partnering with the City in benefiting its inhabitants by adding to the local business community and showcasing Beattyville as a center for history, art, and recreation.

Thank you for considering our proposal for participation in this project. We hope you see the benefit this business would bring to the region and we eagerly anticipate collaboration with the the City of Beattyville to bring it to fruition.

Sincerely,

Diego and Dana Vogel

## **Appendix A: Usage Proposal** for Historic City Hall Building

### **Summary**

First, an introduction. We are Diego and Dana Vogel. We are not native to Kentucky, but have grown to love the bluegrass since coming to Lexington in 2011. We have enjoyed the Red River Gorge every year and are inspired by the opportunities Beattyville has to offer for increasing the reputation of and attraction to the area. Our vision for the Historic City Hall Building in downtown Beattyville is to offer a unique lodging option for climbers, hikers, and other outdoor enthusiasts visiting the Red River Gorge. Additionally, part of the first floor will be used for a small store, a rental business, and a gallery room to showcase and sell local arts and crafts; the roof may be used as a rooftop garden, event venue, and lounge area for lodge guests.

According to a study recently published by ECU about the economic impact of climbers in the Red River Gorge, thousands of climbers visit the gorge every year and spend more on lodging than anything else.<sup>1</sup> Beattyville is the nearest town to the most popular climbing areas. Staying in downtown Beattyville would allow climbers to be conveniently close to climbing areas while also being within walking distance of amenities such as a grocery store, pharmacy, and restaurants. Many climbers choose to camp, but there is a need for additional lodging in the area for those who want another option.

The Old City Hall building's location also makes it an ideal place for a rental business. The surrounding countryside is full of dirt roads and trails for mountain biking, and downtown Beattyville is conveniently located at the confluence of the North and South Forks of the Kentucky River. Silver Creek runs practically underneath the building before running into the Kentucky River only a few hundred feet downstream. Renting bikes, kayak, and canoes from this spot could not be more convenient.

### **Usage Plan: First Floor**

The first floor will be used for retail, lodging, historic preservation, and showcasing local artists and artisans. The garage door facing the street will be restored and will open up to the check-in and store/rental areas. Here people will be able to rent kayaks, canoes, and bikes as well as purchase basic climbing and biking gear. Guided tours of the surrounding area could also be headquartered here. The two jail cells in the rear of the building will be restored and used as jail-themed lodging for guests who want a historic experience. Local artwork and handicraft from Beattyville and the surrounding area will be on display in the gallery area of

the first floor. These items will have information about the artists/artisans and could be purchased through the store. Photographs and artifacts related to the history of Beattyville and the building itself will also be displayed in the gallery and throughout both floors of the building. The remainder of the first floor will be used for lodging.

### **Usage Plan: Second Floor**

The second floor will be used entirely for lodging. The large room will be set up like a hostel with multiple bunk beds. The remaining rooms will lodge 2-4 people each. In the open space, there will be a large kitchen and common area for guests. Many climbers spend several weeks at a time in the area to maximize climbing opportunity,<sup>2</sup> so a kitchen and common space will be useful.

### **Usage Plan: The Roof**

At this time, we do not know if the roof is usable space, but if it is, it will be used as a lounge area and rooftop garden. This space would be opened up to the community and perhaps include a small outdoor coffee bar. The rooftop could also serve as an event space for weddings, live music performances, or other events.

### **Benefit to the City**

One of the main driving forces behind this vision is how it will benefit the city and people of Beattyville. Full of charm, and so proximal to prime climbing and hiking, Beattyville offers enormous economic potential. Our overall goal in this endeavor is to draw visitors (and money) to Beattyville. Three of the things that climbers most want to see grow in the area are local restaurants, live music, and natural grocers.<sup>3</sup> These are things that existing and future businesses in Beattyville could provide. Our plan for the Old City Hall building does not meet these three needs directly, but by drawing climbers to the city, it will help provide opportunities for other businesses to meet these needs and flourish.

### Footnotes

<sup>1</sup> *Economic Impact of Rock Climbing in the Red River Gorge, KY*, page 8, Table 7, <https://www.accessfund.org/uploads/RRG-EIS-final.pdf>

<sup>2</sup> *Economic Impact...*, page 6, Table 6

<sup>3</sup> *Economic Impact...*, page 10, Table 9



CITY OF BEATTYVILLE, KENTUCKY

FINANCIAL STATEMENTS AND REPORT OF AUDIT

For the Year Ended June 30, 2018

CITY OF BEATTYVILLE  
FINANCIAL STATEMENTS AND REPORT OF AUDIT  
For the Year Ended June 30, 2018

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CITY OF BEATTYVILLE  
FINANCIAL STATEMENTS AND REPORT OF AUDIT  
For the Year Ended June 30, 2018

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**Chris Gooch**  
Certified Public Accountant  
P.O. Box 1536  
Hazard, Kentucky 41702  
(606) 436-5700 FAX: (606) 436-5701  
chrisgooch@chrisgoochcpa.com

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Beattyville  
Beattyville, Kentucky

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beattyville, Kentucky, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Beattyville, Kentucky's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Beattyville, Kentucky, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note O to the financial statements, the City of Beattyville adopted new accounting guidance, Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – which replaces GASB Statement No. 45, for the year ended June 30, 2018. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB supplemental reporting on pages 4–8 and 51–54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Beattyville, Kentucky's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2018, on our consideration of the City of Beattyville, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Beattyville, Kentucky's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Beattyville, Kentucky's internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "Chris Gooch".

Chris Gooch  
Certified Public Accountant

Hazard, Kentucky

October 17, 2018

CITY OF BEATTYVILLEMANAGEMENT'S DISCUSSION AND ANALYSISFor the Year Ended June 30, 2018

As management of the City of Beattyville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. This information should be considered in conjunction with the accompanying financial statements and disclosure following this section.

**FINANCIAL HIGHLIGHTS**

- The beginning cash balance, including investments, for the City was \$528,964 of which \$391,713 is considered restricted. The ending cash balance, including investments, for the City was \$548,516 of which \$359,133 is considered restricted.
- The City adopted GASB 75 for the year ended June 30, 2018 recognizing the City's net postemployment benefits other than pensions (OPEB) liability related to its participation in County Employee's Retirement System. The net OPEB liability reported at June 30, 2018 was \$813,731.
- Net operating income for the City's enterprise funds prior to depreciation costs was \$424,201.
- The City's fixed assets reflect additions of \$757,838. Of that total, governmental fixed assets reflect a \$755,032 increase and proprietary fixed assets reflect an increase of \$2,806. Improvements to sidewalks and the Streetscape Project account for \$627,598 of the total additions.
- The City made payments of \$261,454 towards its long-term debt, not including transactions related to the City's line of credit used in conjunction with the Streetscape Project. Those transactions netted an increase in debt of \$71,448.

OVERVIEW OF FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

CITY OF BEATTYVILLEMANAGEMENT'S DISCUSSION AND ANALYSISFor the Year Ended June 30, 2018

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the City that are principally supported by property taxes, intergovernmental revenues and customer charges. The governmental activities of the City include general government, police and fire protection, public works and highway and streets. Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

**Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental and proprietary funds. Proprietary funds include the Garbage Fund, Water Fund and Sewer Fund. All other activities are reported under governmental funds, including the General Fund, Road Aid Fund, PEP, Inc., Housing Reimbursement Fund, Cemetery Property Fund and various capital project funds.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. As of June 30, 2018, assets exceeded liabilities by \$7,450,745. At June 30, 2017 this amount was \$7,579,676.

The greatest portion of the City's net position reflects its investment in capital assets (e.g., land and improvements, infrastructure, buildings and improvements, vehicles, furniture and equipment and ongoing construction projects, where applicable), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the citizens of Beattyville and to customers for which the City provides services; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

CITY OF BEATTYVILLE  
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2018

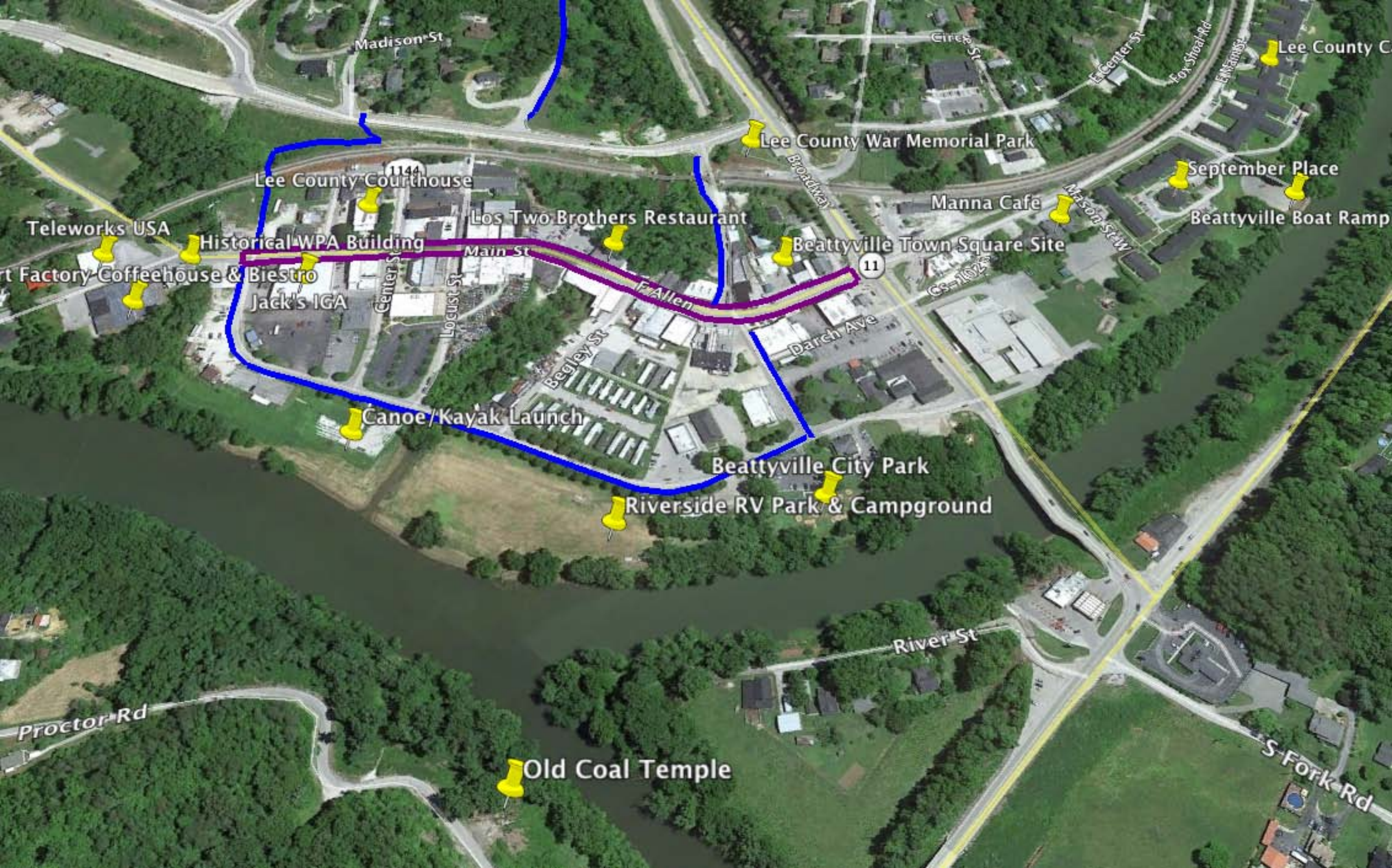
**Net position for the year ended June 30, 2018**

A comparison of Statement of Net Position at June 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Current Assets	\$ 555,434	\$ 448,061
Restricted Assets	359,133	391,713
Noncurrent Assets	14,383,281	14,476,800
Deferred Outflows of Resources	<u>926,494</u>	<u>315,438</u>
<u>Total Assets and Deferred Outflows of Resources</u>	<u>16,224,342</u>	<u>15,632,012</u>
Current Liabilities	680,237	560,050
Noncurrent Liabilities	7,730,258	7,394,313
Deferred Inflows of Resources	<u>363,102</u>	<u>97,973</u>
<u>Total Liabilities and Deferred Inflows of Resources</u>	<u>8,773,597</u>	<u>8,052,336</u>
- Net Position -		
Investment in Capital Assets (net of debt)	9,460,160	9,363,673
Restricted	493,644	481,841
Unrestricted	<u>(2,503,059)</u>	<u>(2,265,838)</u>
<u>Total Net Position</u>	<u>7,450,745</u>	<u>7,579,676</u>
<u>Total Liabilities, Deferred Inflows of Resources and Net Position</u>	<u>\$ 16,224,342</u>	<u>\$ 15,632,012</u>

- Deferred outflows of resources and deferred inflows of resources reflect increases of \$611,056 and \$265,129, respectively, in part due to recognition of GASB 75. Noncurrent Liabilities increased due to increases in net pension liability of \$366,779 and net OPEB liability of \$813,731.
- Noncurrent Assets decreased due to recognition of current year depreciation on capital assets and recognition of disposal of capital assets.
- Current Assets increased in part due to increases in proprietary fund accounts receivable from \$184,717 to \$243,038.
- Current Liabilities increased due to an increase in the current portion of long term debt from \$238,163 to \$312,306 in resulting from the increase for the Streetscape Project line of credit.





Madison St

Circle St

Center St

Fox Shoal Rd

EN Main St

Lee County C

Lee County War Memorial Park

Lee County Courthouse

Los Two Brothers Restaurant

Manna Cafe

September Place

Beattyville Boat Ramp

Teleworks USA

Historical WPA Building

Main St

Beattyville Town Square Site

rt Factory Coffeehouse & Biestro

Jack's IGA

Center St

Locust St

Allen St

Darch Ave

Begley St

Canoe/Kayak Launch

Beattyville City Park

Riverside RV Park & Campground

River St

Proctor Rd

Old Coal Temple

S Fork Rd



## HARDSHIP WAIVER REQUEST

The City of Beattyville, Kentucky respectfully requests a hardship waiver for the required 10 percent cost share for its Cleanup Grant for the Beattyville former City Hall/WPA project. The City of Beattyville has faced numerous disadvantages due to economic decline and job loss.

Our community has a **high percentage of people living in poverty (34.7 percent**, compared to the Kentucky and national average of approximately 14 percent) (2010 US Census). Our median income is below average also at \$16,250.

The City of Beattyville has suffered a loss of more than 300 jobs over the last five years. We saw the closing of Lion Apparel factory and a data entry employer. The closing of each of these has impacted the City of Beattyville's budget by losing both tax revenue and water/sewer service revenue. The approximate loss to the City's budget was \$207,431.60.

The City of Beattyville's small size and current financial status makes it very difficult to apply for grants that require cost sharing. Even with the proposed use of \$10,000 in in-kind contributions, a 10 percent match would strap the City's finances to the point that it would not be feasible to apply for the grant, and leave the blighted building vacant with no foreseeable solution. Granting a hardship waiver for the Cleanup Grant application for the City of Beattyville and awarding the grant to the City of Beattyville will allow us to move forward with this vital project that could make it a valuable asset to our community.

The City is committed to the remaining 10 percent of grant requirement.

Therefore, we respectfully request a hardship waiver for the City of Beattyville's 10 percent cost share for its former City Hall/WPA building Brownfield Cleanup Grant.

## Application for Federal Assistance SF-424

\* 1. Type of Submission:

- ☐ Preapplication  
☒ Application  
☐ Changed/Corrected Application

\* 2. Type of Application:

- ☒ New  
☐ Continuation  
☐ Revision

\* If Revision, select appropriate letter(s):

\* Other (Specify):

\* 3. Date Received:

01/30/2019

4. Applicant Identifier:

5a. Federal Entity Identifier:

5b. Federal Award Identifier:

State Use Only:

6. Date Received by State:

7. State Application Identifier:

### 8. APPLICANT INFORMATION:

\* a. Legal Name:

City of Beattyville

\* b. Employer/Taxpayer Identification Number (EIN/TIN):

\* c. Organizational DUNS:

9609033590000

### d. Address:

\* Street1:

28 Railroad Street

Street2:

PO Box 307

\* City:

Beattyville

County/Parish:

Lee

\* State:

KY: Kentucky

Province:

\* Country:

USA: UNITED STATES

\* Zip / Postal Code:

41311-0307

### e. Organizational Unit:

Department Name:

Division Name:

### f. Name and contact information of person to be contacted on matters involving this application:

Prefix:

Ms.

\* First Name:

Teresa

Middle Name:

Coomer

\* Last Name:

Mays

Suffix:

Title:

Main Street Director

Organizational Affiliation:

\* Telephone Number:

606-464-5007

Fax Number:

606-464-2123

\* Email:

tmays@beattyville.org

## Application for Federal Assistance SF-424

### \* 9. Type of Applicant 1: Select Applicant Type:

C: City or Township Government

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

\* Other (specify):

### \* 10. Name of Federal Agency:

Environmental Protection Agency

### 11. Catalog of Federal Domestic Assistance Number:

66.818

CFDA Title:

Brownfields Assessment and Cleanup Cooperative Agreements

### \* 12. Funding Opportunity Number:

EPA-OLEM-OBLR-18-07

\* Title:

FY19 GUIDELINES FOR BROWNFIELDS CLEANUP GRANTS

### 13. Competition Identification Number:

Title:

### 14. Areas Affected by Project (Cities, Counties, States, etc.):

1239-Map downtown Beattyville.png

Add Attachment

Delete Attachment

View Attachment

### \* 15. Descriptive Title of Applicant's Project:

Beattyville Clean Up Grant to remove hazardous waste

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

**Application for Federal Assistance SF-424****16. Congressional Districts Of:**

\* a. Applicant

6th

\* b. Program/Project

6th

Attach an additional list of Program/Project Congressional Districts if needed.

Add Attachment

Delete Attachment

View Attachment

**17. Proposed Project:**

\* a. Start Date:

07/01/2019

\* b. End Date:

07/01/2021

**18. Estimated Funding (\$):**

\* a. Federal

200,000.00

\* b. Applicant

0.00

\* c. State

0.00

\* d. Local

0.00

\* e. Other

0.00

\* f. Program Income

0.00

\* g. TOTAL

200,000.00

**\* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**☐ a. This application was made available to the State under the Executive Order 12372 Process for review on☐ b. Program is subject to E.O. 12372 but has not been selected by the State for review.☒ c. Program is not covered by E.O. 12372.**\* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**☐ Yes☒ No

If "Yes", provide explanation and attach

Add Attachment

Delete Attachment

View Attachment

**21. \*By signing this application, I certify (1) to the statements contained in the list of certifications\*\* and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances\*\* and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

☒ \*\* I AGREE

\*\* The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

**Authorized Representative:**

Prefix:

Ms.

\* First Name:

Teresa

Middle Name:

Coomer

\* Last Name:

Mays

Suffix:

\* Title:

Main Street Director

\* Telephone Number:

606-464-5007

Fax Number:

606-464-2123

\* Email:

tmays@beattyville.org

\* Signature of Authorized Representative:

Teresa Mays

\* Date Signed:

01/30/2019